

Article**On****E-Retailing: curse or the blessing of the click****By****Dr Gajendra Singh****(Associate Professor)****Department of Business Management****Chauras Campus****H.N.B.Garhwal University****Srinagar Garhwal****Uttarakhand, India****Mobile: 00919412029869****Email: gajendra_kashyap@rediffmail.com****Abstract**

The new and latest trend in retailing is, having complete knowledge and availability of the product, with the single click by sitting back at home. E-Retailing or online retailing is shopping through the internet. It supports the concept of 'non-store' shopping by providing convenience to the customer but threat to take away the potential of the on store shopping. The on-job and net-savvy customers are important segment of such online stores due to unavailability of time and increased traffic on actual stores. Internationally such type of retailing is very popular but in India it is still a new concept for which retailers need more attention and confidence of the customers. For all the convenience customers received from the stores, electronic retailing does not provide such convenience to the customers and do not suit products with high value, actual look of the product, consumer durable products etc. The most critical issue in online retailing in India relates to payments and the various security issues involved in it. But it make the customer feel convenient in knowing whether the product is available or not, on the time of purchase and makes logistics very easy and efficient with the store.

This paper gives the essential information of e-retailing in India. In this paper we first discuss the present scenario of e- retailing in Indian market with future of e-retailing in Indian market, comparison of e-retailing with respect to on-store retailing which show the impact of e-retailing on traditional but converting into modern market of India, finally

various hurdles in the growth of e-retailing and end with conclusion.

INTRODUCTION:-

India is a country of retailers, with around 12 million retail shops for about 209 million households. But among such a large number of retail outlets, it has only few organized retail outlets. Traditionally the retail outlets are not organized and are done as Hindu family business known as kirana stores. These kirana stores have been one of the easiest ways to generate self-employment, as it requires limited investment in land, capital and labor. The inception of the retail industry dates back to times where retail stores were found in the village fairs, mela or in the weekly markets. These stores were highly unorganized. The maturity of the retail sector took place with the establishment of retail stores in the locality for convenience. After liberalization of the Indian economy in the 1990s, led to a boom in the "consumer goods" industry with reduction in custom duties and shifts from quota to tariff based system. Entry barriers on multinationals were largely removed after which retail industry entered the Indian retail market like Kellogg's, Tropicana etc. Organized retailing in India is new and yet to be explored sector of the economy over the last few years. Organized retail are either store-based or online store-based, among store-based retail channels are hypermarkets, convenience stores and supermarkets which are expected to witness the fastest growth, but constant value sales taking place through non-store retail channels such as the internet. E-Retailing is a sunrise industry in India with many challenges to face, like mode of payment, product availability, distribution chains etc. Evolution of shopping through supermarkets and fast food chains is a new phenomenon, but e-retailing is the latest trend of organized retailing in India. Organized retail is expected to grow to 8-9% of the Indian retail Industry in the next 5 years and FDI in retail is one of the most talked about topics now.

Today consumer is in change. Providing value to customers has become a challenge for retailers. Consumers now have a wide choice of products available in the market. They also have access to a large amount of information that they use to arrive at the buying decision. Information technology helps retailers to manage costs and deliver better value to customers. Technology is used across the value chain and more so in the

supply chain. E-Retailing is a technology that interacts with the customers directly. Internet is being considered as an important tool in building and maintaining relationships. The use of internet makes the shopping experience more interesting convenient and enjoyable too. Retailers use the electronic medium to provide information about their store and the range of products available with them. They use information technology to design websites that can provide store information, act as virtual showrooms, and enable customers to shop online.

E-retailing, most commonly known as e-tailing, e-shopping or electronic retailing is retailing or shopping through the internet and other media forms like television. Short for "electronic retailing," and used in Internet discussions as early as 1995, the term seems an almost inevitable addition to e-mail, e-business, and e-commerce. E-tailing is synonymous with business-to-consumer (B2C) transaction. E-tailing began to work for some major corporations and smaller entrepreneurs as early as 1997 when Dell Computer reported multimillion dollar orders taken at its Web site. With only a few players India entered in the e-Retailing industry (e.g. ebay, rediff, sify, futurebazaar) and still have a huge scope for growth. Let it be the job search services, matrimony services or gifts purchasing and delivering, the e-retail sector has come forward to fulfill the demand of Indian consumers. This sector has made a sudden but large increase in demand of e-ticketing, books, music, etc. The trend has given rise to the concept of "first popularize and then capitalize" mantra by the corporate. But still a lot remains to be done in various sectors like Education, Legal Services, etc. which offer good opportunities for e-Retailing of services. It will help the companies to reach consumers directly in a more efficient way. However, there are many weaknesses like traditional mindset of consumer, internet reach, etc. which are seriously hampering the sustainable growth of e-Retail services.

PRESENT SENARIO & FUTURE OF E-RETAILING IN INDIAN MARKET:-

As we know India is a nation of retailers, holding position in one of the two most exiting destination in the area of retailing. Having such a scenario, organized retailing in India is like a minnow and the condition of online retailing is much poorer. The traditional retail sector in India is highly fragmented and organized retail in the country is

at a very nascent stage. The e-tailing channel is slowly making its presence felt in India. Companies in India are using either their own web portal or are tying up with horizontal players like Rediff.com and Indiatimes.com to offer their products on the web. A driver for growth of the e-tailing channel is coming from the Indian Diaspora, which is leveraging these web sites to send gifts at home i-e Lgezbuy.com, e-tailing portal launched by LG Electronics, a key player in the consumer durables space. Although the prices offered are 5-6 percent higher than the offline channel, this channel provides assured quality, multiple payment options and free delivery. To avoid conflict of interest, with their offline channels, LG appointed 125 existing distributors as online distributors, routing all sales through them.

India's peers, such as China and Brazil, took 10-15 years to raise the share of their organized retail sectors from 5% when they began, to 20% and 38% respectively. There is no doubt that India too is moving towards broadband, and is experiencing strong growth in Web-based sales. Globally, it is evident that the e-Retail industry is headed in an upward trajectory and industry predictions are further spurring the enthusiasm with estimates that e-Retail will grow at 10-20 % CAGR over the next few years. The online-shopping revolution that has led to this e-retailing boom is going to continue and this is good news for the government as well as those who wish to work in the organized sector. With the government intervention the retail industry in India took a new shape.

The retail industry in the western countries has reached a point of saturation and there is no way of expanding. In this condition the retail giants are trying to make their mark in the retail market of developing countries that still have huge potential of expansion like India, Vietnam. Opportunities in India have largely influenced and attracted the western retailers like Wal-Mart, Euroset, Supervalu who have plans to enter as single branded retailers in Indian market. It is highly possible that there are potentials in the market but the consumer preferences are skewed against the products that are offered. The international players try to enter the market as store based or online retail sector.

Internet retailing has picked up in India in the past few years or so. Online shopping sites have started making good money. Research shows that online retailing has made close to \$511 million (Rs.2, 300 Crore) in 2006-07. This is just a diminutive part of the total organized retail sector, which is estimated to be about \$12 billion (Rs.52, 000 Crore). Online shopping in India began with the small low cost products like cassettes and books, while gradually high-margin goods like the consumer durables, apparels and other have joined the category of products which are presently in fashion or popular. Leading online retail sites like ebay, rediff, indiatimes etc are making decent sales and expanding aggressively. The main consumer of the online retail is the youth it is estimated that around 80 per cent of the internet buyers are male of the country. About 25 per cent of these buyers are between 18-25 years age, 46 per cent of buyers are between 25-35 years age. The potential of the online retail industry in India and worldwide is immense, but to believe that it will take over traditional brick-and-mortar retail is a misconception. Both channels of retail are going to co-exist and in fact help each other in providing the consumer with good shopping experience.

Indian online retail market:

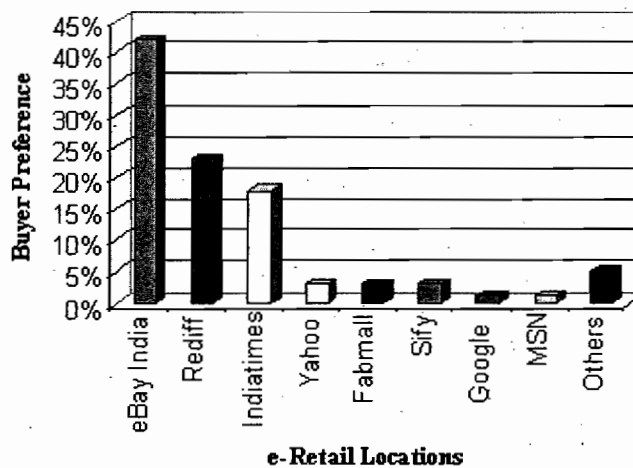
Table-1 City wise distribution of online consumers

| City Name | Percentage of Online Consumers |
|------------------|---------------------------------------|
| Mumbai | 24% |
| Delhi | 19% |
| Chennai | 7% |
| Bangalore | 6% |
| Hyderabad | 4% |
| Lucknow | 2% |

| | |
|-----------|-----|
| Ahmedabad | 2% |
| Kolkatta | 5% |
| Other | 31% |

The above table-1 shows the city wise distribution of online consumers in percentage. According to the data, Mumbai alone has the highest percentage of online consumers that is about 24%, followed by Delhi 19%, Chennai with 7%, Bangalore 6%, Kolkatta and Hyderabad with 5% &4% respectively. Accept the major cities other remaining cities contribute only 31% in total. Lucknow and Ahmedabad each having 2% of the total online consumers. This table shows the real picture of online retailing, the retailers have to come out the frame of big town & cites and should enter the small cities where there are more consumers to be converted and transform them to shop online. Figure-I given below show the sites preferred most by the online consumers or buyers.

Figure-I



Future of e-retailing is going to be a boom as customers are now more educated, using internet frequently in their busy scheduled life. Future of e-retailing in India has various but different views as few of them are in favor and other unflavored it. Some experts are of the opinion that the giant, big brand retailers would dominate the small ones due to their wider investment capacities. So it would be next to impossible for the small retailers and the kirana to prove their existence in the

battlefield of online retailing. Future of organized retail in India looks bright. According to recent researches it is projected to grow at a rate of about 37% in 2007 and at a rate of 42% in 2008. It will capture a share of 10% of the total retailing by the end of 2010. From its current \$10bn (£5.3bn), the Indian organized retail sector is expected to grow into a \$64bn (£34.2bn) enterprise by 2015. With the retail pie continuing to expand on the back of rising disposable incomes and spending power, both domestic retailers as well as foreign players are expected to capitalize on the latent potential in the Indian marketplace. According to the Union Minister of Commerce & Industry, Shri Kamal Nath, the organized retail sector is expected to grow to a value of Rs. 2,00,000 crore (US\$45 billion) and may generate 10 to 15 million jobs in next 5 years. This can happen in two forms- 2.5 million of these people may be associated directly with retailing and the rest 10 million people may be gainfully employed in related sectors that will be pulled up through the strong forward and backward linkage effects.

COMPARITIVE VIEW OF ONLINE RETAILING:-

Retail is India's largest industry, accounting for over 10 per cent of the country's GDP and around eight per cent of the employment. Out of it online retail covers only a diminutive portion and has to travel a long, in short span of time. There are many things that are common between direct retail stores and online retail stores, as both have the process of billing of the customers and have to maintain a relationship with the suppliers. Although it is consider that online retail reduce the prices and offer the quality products, which is not possible with this small number of customers and it become very difficult for the customers to determine the online retail store that makes the products available at convenient and cheap rates. Such types of difficulty give rise to comparison sites to co-up. Comparison is done on the basis of an index which is constructed from the data available from different shopping sites. The bechna.com and the ultop.com are such sites though many more sites are entering this zone. The comparison sites not only help to choose the online sites that would be providing the best deal but also offline as well. Sites like Rediffproductsearch, Compare India.com have constructed the data that is taken

from the conventional local retailers. These sites help the customer in finding out the local retail store that will best suit his purpose. Even few of the store based retailers started the online retailing also as they consider it a potential way to reach the customers who like their products but don't want to land the store. However, this is changing as retailers get to grips with the technology and work out how to integrate internet based retailing into their existing strategies. The size of the online industry may still be small but it has somewhat changed the whole dynamics of the relationship between consumer and retailer. It has granted the consumer the power to research and compare everything be it delivery time, products, prices or various other things of different retailers or brands. It has also enabled the retailers, wholesalers and manufactures to enter the market directly. Online retail has enabled the consumer to directly get involved and research about what they want to buy. It has empowered the consumer to surf and shop at any time of the day, from office, home or any other place. Consequently, this has encouraged the consumers and brought a change in their shopping behavior.

HURDLES IN THE GROWTH: -

There are lot many problems or hurdles faced by e-retailing world wide, but these hurdles are more in respect to the country like India. Some of the hurdles faced by e-retailing in India are as follows:-

- **Mode of Payment:-** People in India are not used to the online shopping system. The online payment system through the credit card is also totally unfamiliar to them. Most of them do not avail of the transaction facilities offered by the credit cards. They are also hesitat regarding the online payment system through the credit cards. Hence different payment options should be made available to them like the credit card, cash on delivery and net banking to give them further assurance and convenience.
- **Internet Accessibility:** A part from the developed countries, developing countries like India, facing a weak infrastructure regarding electronic communication system. Low connectivity and slow processing system are the major reasons due to which the internet users are not still become habitual of doing online shopping.

- Offline presence of the retail sites: - The customers should be assured that the online retailers are not only available online but offline as well. This gives them the psychological comfort that these companies can be relied upon by the users.
- Computer literacy and resistance to change:- In India the percent of literate people is still low and among them few are computer literate or users. So a major segment of these consumers are unaware of new and expiring method of online retailing. More over the traditional way of retailing has deep root which cannot be pulled out so easily by the new method of shopping that is online retailing or e-tailing. Consumers, in the changing scenario generally rely on traditional way of shopping instead of modern method of shopping.
- Discount available on Different Products range:-The customers can save a lot of from online retailing through various discounts or offers made by the company. The customers should be conveyed this message that they are getting the products at a discounted price, but many a times such information are either not provided to the customer or the customer miss them due to other reasons also.
- Problem Related to the Language Used:- English is considered as the global language and most internet retail shops use it as their mode of communication. But in country like India which is having so much diversity in languages is not as much comfortable with a single language of communication, English. So it is necessary for the online retailers that the language used for communication purpose should be national or local as it can increase the customer base for the online shopping.
- Problems related to Distribution Channel:- The customers using the online shopping channel should be assured that the products that they have ordered would reach them in due time mentioned by the companies. For this the retail companies have a wide distribution network which consists of private guaranteed courier services as compared to postal services. The companies should also consider the rural and backward areas for the distribution channel which are usually connected well by the postal services till today and do not have proper private courier services.

- **Physical appearance:-** The consumer in India prefer to touch the product physically before purchasing them that is why the concept of e- retailing or online retailing is not familiar with the Indian consumers. Mostly consumers prefer various products of different brands and this facility is provided through the multi-brand outlets, not available online, where one can see the different products of same brand at a time.

Conclusion:- From the above discussion it can be concluded that breaking the thousands of years tradition is not a easy task and same problems are faced by e-retailing in India. People are used to go to the stores for shopping; the reason could be that they do not rely on the online companies or products offered by them. In India shopping is treated as a way of enjoyment by knowing near by market, people, the trend, fashion etc. The Indian consumer cannot enjoy all such thing by merely doing shopping through net. Although it is a convenient way for those consumers who have lack of time or avoid going to stores for retailing. The old method of retailing provides bread to a large segment of the population, around 8% of the total labor population of nation contributed in this area. As compare to traditional method e-retailing consume a small number of labor, which cannot provide loaf of bread to others. Moreover the consumers are not familiar with online payment system or frequently using credit cards for shopping purposes. They also prefer to touch the product before purchasing it for the use, which is not possible in online retailing. Companies should take care of all these hurdles of e-retailing prior launching their online store. The companies should also first make it a point to spot the potential customers and accordingly plan out the product. If the customers are more open to online shopping, they save the time and effort to visit, departmental stores, shopping malls, etc. products can be delivered by a click of the mouse to there living place. Another problem which the companies should consider is that the retail industry is standing on its point of inflexion and considering its infant stage, it would take time for the new concept of e-retailing to take off. It is widely accepted that the retail industry has undergone a drastic change in last five years and there is yet more to come. There is no question that the industry will continue to grow and offer tremendous opportunities to the entrepreneur that is willing to invest the time and effort required to make a business a success. The even

better news is that the Internet can be fun and offers the challenge of an ever changing environment.

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